

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

May 12, 2021

2:06 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Peter Micciche
Senator Gary Stevens
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Joshua Revak, Vice Chair

COMMITTEE CALENDAR

ALASKA REGIONAL DEVELOPMENT ORGANIZATION (ARDOR) PRESENTATIONS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

TIM DILLON, Executive Director
Kenai Peninsula Economic Development District (KPEDD)
Kenai, Alaska

POSITION STATEMENT: Delivered a PowerPoint presentation on the Kenai Peninsula Economic Development District.

BRITANY SMART, Special Assistant to the Mayor; Staff
Fairbanks North Star Borough Economic Development Commission
Fairbanks, Alaska

POSITION STATEMENT: Delivered a PowerPoint presentation on the Fairbanks North Star Borough Economic Development Commission.

BARBARA NICKELS
Bering Strait Development Council (BSDC)

POSITION STATEMENT: Delivered a PowerPoint presentation on the Bering Strait Development Council.

BILL POPP

Anchorage Economic Development District
Anchorage, Alaska*

POSITION STATEMENT: Discussed the Anchorage Economic Development District.

JASON HOKE, Executive Director

Copper Valley Development Association (CVDA)
Glennallen, Alaska

POSITION STATEMENT: Delivered a PowerPoint presentation on the Copper Valley Development Association.

KRISTINE CARPENTER, Executive Director

Prince William Sound Economic Development District (PWSEDD)
Cordova, Alaska

POSITION STATEMENT: Delivered a PowerPoint presentation on the Prince William Sound Economic Development District.

SHIRLEY MARQUARDT, Executive Director

Southwest Alaska Municipal Conference (SWAMC)
Anchorage, Alaska

POSITION STATEMENT: Delivered a PowerPoint presentation on the Southwest Alaska Municipal Conference.

ROBERT VENABLES, Executive Director

Southeast Conference
Juneau, Alaska

POSITION STATEMENT: Delivered a PowerPoint presentation on the Southeast Conference.

ACTION NARRATIVE

[2:06:10 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 2:06 p.m. Present at the call to order were Senators Gray-Jackson, Stevens, and Chair Costello. Senator Micciche arrived soon thereafter.

Alaska Regional Development Organization Presentations

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CHAIR COSTELLO announced the business before the committee would be presentations from eight Alaska Regional Development Organizations (ARDORs). She noted that on Monday the committee passed [HB 192] to extend the termination date of these ARDORs.

[2:07:51 PM](#)

TIM DILLON, Executive Director, Kenai Peninsula Economic Development District (KPEDD), Kenai, Alaska, presented a PowerPoint update of the Kenai Peninsula Economic Development District ARDOR. He explained that ARDORs are the link between the state and local organizations. Each ARDOR is unique to its region but the common mission is to prepare and implement regional development strategies. He directed attention to the bulleted list of basic strategies on slide 2 that each of the ARDORs employ. He said the nine ARDORs are identified on the next slide. Each one works to accomplish economic development in a way that is appropriate for the region.

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SENATOR MICCICHE joined the meeting.

SENATOR STEVENS asked if any part of Alaska does not have an ARDOR.

MR. DILLON replied that a variety of areas do not have an ARDOR but the existing ARDORs give assistance in either setting one up or developing an economic organization for the region. He cited the examples of the work with Clay Walker in the Denali Borough to create an economic development organization and work with the governor's office on the Mat-Su Valley. He said the key is that the area has to want an economic development organization and they have to participate and do things in a way that makes sense.

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MR. DILLON continued the presentation. He advised that Economic Development District (EDD) is a federal designation and those are a little different from ARDORs. By design, they represent multi-county areas, which was helpful after the [2018] earthquake. EDDs also develop a comprehensive economic development strategy (CEDs) for multi-county areas, which helps in situations like the earthquake. He directed attention to the list of the four existing EDDs:

- Kenai Peninsula Economic Development District (Established in 1988)
- Prince William Sound Economic Development District (Established in 1991)
- Southwest Alaska Municipal Conference (Established in 1988)
- Southeast Conference (Established in 1958)

He described the state as well covered between the four EDDs and the nine ARDORS.

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MR. DILLON read the KPEDD Overview on slide 6:

The Kenai Peninsula Economic Development District (KPEDD) is a private 501(c)(4) non-government resource focused on responsible and sustainable economic development for our region. Using a 30,000 ft. view of the economy, we locate financing and orchestrate community collaboration for economic planning and business incubation. KPEDD assists public and private entities by providing relevant and accurate economic data and consultation services. Through these services, we support infrastructure projects, workforce development and regional industries. KPEDD is funded by federal, state, regional and educational grants with measurable deliverables.

MR. DILLON displayed the map on slide 7 that depicts the Kenai Peninsula and surrounding region that the KPEDD ARDOR covers. It is about the size of the state of West Virginia with 50,000 some residents. He offered his belief that the Kenai Peninsula is the most diverse area in the state. It has tourism, gas and oil, and fishing but none to the extent seen in other areas of the state. That diversity helped the region this last year, he said.

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MR. DILLON said KPEDD is in the process of completing its latest five-year CEDS for a higher quality of life. The five overarching goals to achieve a higher quality of life in the region are improvements in Technology & Communication, Workforce & Human Capital, Infrastructure & Land Use, Business Climate & Entrepreneurship, and Regional Partnerships. KPEDD can help with projects that fit under those five goals and if the project does not fit, KPEDD can help find somebody who can assist with the project.

MR. DILLON tuned to slide 9 to discuss the COVID-19 Economic Impact Surveys KPEDD conducted in March and April of 2020. Initially, 96 percent of businesses reported disruption due to COVID-19. Information that KPEDD did not have before is that about 75 percent of the businesses on the Kenai Peninsula have five or fewer employees. He said that information helped KPEDD as it tried to develop programs for the communities. In another study, 368 respondents reported disruptions in supply chains.

This was towards the end of the summer and it has continued to the present. He said manufacturers in the Lower-48 and worldwide that shut down account for these disruptions. He noted that plumbing and electrical supplies are in particularly short supply on the Peninsula.

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MR. DILLON displayed the bar graph on slide 11 that shows the percentage of revenue impacts on each borough due to COVID-19. He explained the slide is a sample of the 12 questions from a survey that the nine ARDORs and the Alaska Small Business Center produced last month. The legislature will receive the complete results next week. He said he believes the answers to the questions will help both the legislature and the administration as it addresses statewide budget concerns. He shared that the Senate President and his staff submitted some of the questions for the survey.

MR. DILLON turned to the bulleted list of projects that KPEDD has identified for FY2022. He acknowledged that adjustments would be made depending on funding. The list read as follows:

- Broadband Expansion Project
- Implementing American Rescue Plan
- Economic Resiliency Plan
- New Microloan Program
- Homer Erosion Project
- Manufacturing Extension Program
- Comprehensive Economic Development Strategy
- Red Mountain Road Re build
- Alutiiq Pride
- ARDOR Coordination
- Regional Infrastructure projects
- Community Funding Identification
- Assistance for Borough-wide businesses

MR. DILLON said he mentioned it earlier in the five goals but something that KPEDD stresses in particular is workforce. He explained that 30 partners are participating to ensure that when a job opens on the Peninsula they have residents who are trained, ready, and hired. The new website, which has received statewide attention, identifies the various jobs on the Peninsula, provides a description of the job, where to get training, the types and how to get the needed certification, and who will help pay for the training. He noted that the Department

of Labor and Workforce Development is one of the partners. He suggested the members look at the website kenaipeninsulaworkforce.org to see what is available.

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SENATOR GRAY-JACKSON asked if KPEDD receives annual grants from municipalities.

MR. DILLON answered yes; KPEDD has an annual \$100,000 grant type contract with the Kenai Peninsula Borough. He advised that KPEDD uses the money for workforce development, regional partnerships, business assistance, municipal assistance, education, and information dissemination.

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SENATOR MICCICHE expressed appreciation and support for the work KPEDD has done on the Peninsula. He mentioned hearing about 500 unfilled jobs on the Kenai Peninsula and said he would like to see accurate numbers and the steps the state can take to resolve the issue. It seems to be a statewide issue and the current incentives are not working. He offered his belief that the incentives should attach to returning to work.

MR. DILLON said the ARDORs meet once a week and that was a topic this morning. He said he believes it is more than just the incentives but he would be happy to provide the information and have a discussion.

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SENATOR STEVENS shared that he and Senator Micciche recently learned that in response to continuing concerns about COVID-19 and associated hiring difficulties, Ocean Beauty processing plant in Wrangell decided against bringing in outside labor for the summer and instead increased salaries to \$20 per hour and hired local people. According to Ocean Beauty, the community response was enormous. He asked if the ARDORs might be able to look statewide at that sort of solution for unfilled jobs. He acknowledged that it is a major change but the plant in Wrangell is proof that it can work.

MR. DILLON said he agrees that increasing wages markedly is certainly an incentive but it also requires a philosophical change for the employer. He suggested that Shirley Marquardt with SWAMC would have some ideas because she works closely with the processors. He noted that the owners of the McDonalds franchise on the Kenai Peninsula are offering a \$500 signing

bonus. It shows that people are learning they need to be creative.

SENATOR STEVENS said his interest is in establishing an Alaska workforce and paying them well.

MR. DILLON said the ARDORS would be happy to look into that.

[2:27:36 PM](#)

MR. DILLON turned to the list of KPEDD's current funding sources. He said what makes KPEDD different is that it does not draw on a membership list for funding. Instead, they have a 30-acre business incubation center that is currently incubating nine businesses. For example, KPEDD helped a group start a CDL school so people on the Peninsula do not have to travel to the Mat-Su Valley to get a CDL license. That business now has contracts with Homer Electric Association (HEA) and ENSTAR Natural Gas, which keeps money on the Peninsula. Another funding source is from sponsors of KPEDD's annual industry outlook forum. That has netted a profit for the last four years.

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MR. DILLON concluded his presentation with the reminder that KPEDD, like the other ARDORS, is a resource for helping make things happen. They are accustomed to working with confidential information and they can help with any plan but it is easier if they help on the front side. He highlighted that last year it took the ARDORS less than 20 minutes to look at the RPL and identify what needed to be fixed and what was not going to work. He thanked the committee for the opportunity to talk about ARDORS.

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At ease

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CHAIR COSTELLO reconvened the meeting and invited Britney Smart to give her presentation.

[2:32:51 PM](#)

BRITANY SMART, Special Assistant to the Mayor; Staff, Fairbanks North Star Borough Economic Development Commission (FNSB-EDC), Fairbanks, Alaska, stated that the FNSB's Economic Development Commission serves as the ARDOR for Interior Alaska and is housed in the mayor's office. FNSB-EDC serves in a board-like capacity and works collaboratively with a number of entities to facilitate economic development. They also work with other

ARDORs to implement statewide objectives. She said state funding for the ARDOR program historically paid for her position and the project initiatives. They still have non-area-wide economic development powers and are able to assess a property tax for economic development.

MS. SMART said FNSB-EDC continues to serve as the ARDOR and the borough mayor serves as chair, with staff as support. When the administration changed and state funding for ARDORs ceased, the role of her position changed. She continues to work on economic development and projects with a military focus, but she is not limited to those areas. Unlike other ARDORs, FNSB-EDC is not a dedicated entity with staff other than herself.

She said FNSB continues to fund economic development with a .055 mill rate allocation. Explore Fairbanks receives a grant that is funded through the motel tax and based on projected revenues. An annual \$350,000-\$400,000 grant goes to the Fairbanks Economic Development Corporation and a \$10,000 annual grant goes to the North Pole Economic Development Center. FNSB is a chamber member and works closely with that entity.

2:36:05 PM

MS. SMART said it should come as no surprise that the tourism industry has been the most affected by the COVID-19 pandemic. Fortunately, the pandemic did not affect the delivery schedule of the incoming F-35s. The housing market is strong and businesses are mostly open again while largely following COVID protocols. Many businesses are hiring, but there have been some challenges in filling available positions.

MS. SMART reviewed the information the borough provides. She related that FNSB has over 40 years of socio-economic data. The Community Research Quarterly has been published since 1978 and presents data that covers cost-of-living factors, economic indicators, employment, housing, population and social conditions, and US Census updates.

MS. SMART reported that FNSB is working on three priority projects. The first is the Interior Alaska COVID-19 Economic Impact and Recovery Plan. She suggested members visit the website fnsb.gov/recovery for more information. The second project is CARES Support - Technical Assistance and Marketing. Funding was initially from the borough, then the ARDOR program, and now perhaps through the American Rescue Plan Act of 2021 (ARPA). The third priority project is the Comprehensive Economic

Development Strategy (CEDs), which is the plan for the next five years.

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MS. SMART reported that the final draft of the EDC recovery plan was adopted in early May. The intention was to identify immediate economic impacts due to COVID-19 while planning for recovery through goals and strategic initiatives. The process was to identify goals and strategic objectives for residents, business, health care, and the workforce. Indicators were developed for tracking recovery efforts and tasks were developed and identified by objectives and timeline priority. The plan is undergoing review and revision to ensure the work stays relevant. Some items are no longer relevant while others such as the challenge of hiring employees back needs to be added. She pointed to the website fnsb.gov/recovery and the YouTube video Economic Recovery in Interior Alaska.

2:40:36 PM

MS. SMART reported that as an ARDOR, FNSB received \$83,333 in CARES support. They used it to secure a contractor to provide business technical support and marketing of all available CARES programs to local businesses and organizations. The borough program launched about the same time. FNSB distributed more than \$24 million through three programs. The Business Interruption Grant (BIG) helped businesses; the Personal Protection Equipment Grant (PPEG); and the Health Care Interruption Grant that was for the hospital. The latter helped the hospital stem losses.

MS. SMART reviewed FNSB CARES technical support & marketing efforts. Marketing included design, Facebook and radio ads, targeted emails and postcard mailers. The contractor also developed a CARES program eligibility YouTube video. The technical assistance included establishing dedicated telephone and email for CARES assistance, which helped more than 700 businesses and organizations. She directed attention to the video about the work FNSB did in response to CARES and COVID-19.

MS. SMART advised that the next project is the comprehensive economic development strategy (CEDs). She explained that the EDC is working to develop a new five-year CEDs, which is a locally based, regionally driven planning document that guides local government and community action. FNSB funded the new plan with \$140,000. The existing plan expired March 2021 and the new effort kicked off February 1, 2021. The EDC is serving as the CEDs Steering Committee. She pointed to the notes on the

importance of the CEDS and encouraged the members to visit the website fnsbcds.com.

2:44:25 PM

BARBARA NICKELS, Community Planning and Development Director, Bering Strait Development Council (BSDC), Nome, Alaska, directed attention to the mission of BSDC on slide 1, "To improve the quality of life in the Bering Strait region through employment and economic opportunities." She noted that the map identifies the communities BSDC provides services to including the tribes of King Island, Solomon, Council, and Mary's Igloo.

MS. NICKELS reviewed the ARDOR History of BSDC. She paraphrased the following:

- The Bering Strait region applied and became an authorized ARDOR, under the name Bering Strait Development Council in 1989 and serves the Nome Census area.
- Through regional developmental strategies, the BSDC champions economic development planning for the Bering Strait region's communities by leveraging baseline support.
- We serve as conduits to a network of economic development programs and support services for the region, communities and businesses.
- The BSDC has an 18-member Advisory Council, representative of many industries. Decisions are made that reflect the economic diversity and character of the region.

She advised that BSDC operates under the umbrella of Kawerak but it has independent bylaws.

MS. NICKELS reviewed the ARDOR Status on slide 3 that read as follows.

- The BSDC has consistently served the region as an authorized Alaska ARDOR since 1989.
- Funding from the State to the ARDOR was needed to fund 1/2 a position that supported the BSDC and travel. The Council no longer meets face to face four times annually.
- The BSDC, under the Kawerak's Community Planning & Development program is responsible for completing the EDA required 5-year CEDS and annual updates.

MS. NICHOLS noted that the most recent CEDS was completed in 2019. She gave a shout out to the UA Center for Economic Development for partnering with BSDC. She said with their staff facilitates the CEDS meetings and helps develop frameworks for resiliency. She said BSDC does not receive any local grants, but they receive substantial support for the Nome Visitor Center and the Nome Chamber of Commerce.

- We receive a Planning Grant from EDA that provides us with the funding for 1/2 staff and some travel. Kawerak/BSDC apply to opportunities for funding from Federal, state, and private entities to assist in project planning & implementation of priority projects.
- The state provided an Alaska CARES grant of \$83,333 for the ARDORs to engage in promotion and assistance to the region of COVID relief funds available.

She said BSDC reached out to more than 650 businesses, placed full-page ads, placed information on a variety of social media platforms, sent emails to all businesses in the BSDC database, and directly contacted over 100 businesses to help with application. Collectively, the region received just under \$1.5 million.

- Denali Commission provided ARDORs a 2020 one-time grant of \$75,000.

She said the grant funds were used for personnel expenses and to contract for a Bering Strait Business Directory and Resource Guide.

2:50:00 PM

MS. NICKELS reviewed the regional information on slide 4. She said the tourism industry was the most impacted by the COVID-19 pandemic. Nome was particularly hard hit with no cruise ships and no Iditarod. She noted that the tourism project continues to identify and assess cultural tourism opportunities. BSDC completed two Business Impact Surveys five months apart and found that 94 percent of businesses were disrupted. Supply chains were also disrupted. They completed and analyzed an Artist Survey and distributed a grant from First People's Fund to affected residents. Each person who applied received \$500.

She said regional artist sales have been heavily affected by COVID-19 and the broad ivory ban is also a factor. Survey

results indicate that 45 percent of respondents noticed a decrease in the sale of raw or fossilized ivory in the past year.

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MS. NICKLES reviewed BSDC's priority projects outlined on slide 6. The first priority is to complete the Resiliency Plan. She said a small framework was added to the recently completed CEDS document and BSDC received a planning partner award that will provide funds to complete the Resiliency Plan. COVID funding opportunities and technical assistance support has kept people and businesses afloat and it is ongoing. The third priority is to upgrade infrastructure to improve and increase access to water and sewer. She noted that the communities of Diomedes, Wales, Shishmaref, Teller, and Stebbins have a local washateria but residents haul water for use in the home.

MS. NICKLES reported that early last year BSDC was successful in getting each tribe to complete the application for the 2.5-gigahertz licensing. She credited the EDA and the Denali Commission for helping and said all the tribes have received specific information on how to access the funding. BSDC will assist as they move forward. She said alternative energy is so important in the region that one staff is exclusively dedicated to this work.

2:56:55 PM

BILL POPP, President and CEO, Anchorage Economic Development Corporation, Anchorage, Alaska, said his presentation would be the CliffNotes version of what AEDC is doing. The Municipality of Anchorage created AEDC in 1987 and it was spun off as a private nonprofit 501(c)(6) economic development organization in 1989. AEDC currently has a staff of five with a projected \$998,000 budget for 2021. Funding comes from memberships, sponsorships, events, earned income, and a \$252,000 municipal grant. AEDC has about 220 member companies and a 15-member board of directors.

MR. POPP reported that AEDC's purpose and focus is to grow a prosperous, sustainable, and diverse Anchorage economy. They have been working for many years to attract new investments and to attract and retain a skilled workforce. AEDC realizes that quality of life is critical to attracting investment and a skilled workforce.

MR. POPP related that AEDC assists businesses with research, help with government processes, and deploying investments

successfully. They often advocate for policy that improves investment opportunities, advances workforce development, and improves quality of life in Anchorage.

MR. POPP said 2020 was primarily about COVID-19 emergency response efforts. AEDC assisted with policy issues and actions the municipality was considering by forming the Economic Resiliency Taskforce that represents businesses across the city as well as nonprofit interests that provided guidance and advice to the municipality, the mayor's office, and the assembly. AEDC provided a key resource site for businesses seeking assistance during the pandemic that included a well-developed website and large-scale social media outreach campaign to disseminate information on emergency orders, guidelines, grant programs and other resources for businesses and workforces. This included how to keep a workforce safe during the pandemic as well as guidelines for human resource issues. AEDC was at the forefront trying to help businesses and the workforces weather the storm of the pandemic.

3:01:21 PM

MR. POPP reported that AEDC also assisted in deploying the Alaska CARES grant program. They focused on marketing the program and assisting nearly 200 business in Anchorage and regions across the state with questions about the application. He said the focus now is on recovery efforts. AEDC has been a leader in the volunteer effort to reopen Anchorage safely and ensure the city is recovering as quickly as possible after having lost over 12,000 jobs in 2020 due to COVID-19. He noted that this is on top of the nearly 6,000 jobs lost over the five years before that due to the recession. He advised that AEDC's current efforts include generating multiple reports annually to provide key marketing information, trends analysis and other specific-subject research the results of which are shared broadly. He highlighted that AEDC is beginning to see a willingness for investors and businesses to deploy capital.

MR. POPP advised that AEDC currently is working on a survey of seniors to identify strategies to meet their needs and keep this population in Anchorage. Additionally, AEDC is preparing to launch an EDA grant funded \$400,000 research project to analyze the damage done to the Anchorage economy and workforce and identify the best options to rebuild those damaged sectors and identify potential new sectors that would expand the city's economic base. AEDC is working with G-Beta to launch the seven-week IT skills boot camp program that will train workers, entrepreneurs, and small business owners throughout the state.

Ultimately, this will equip remote workers and help businesses and entrepreneurs become more successful in their online skills.

MR. POPP reported that AEDC has a long-term focus on revitalizing downtown Anchorage and the university district, the Port of Anchorage improvements, and logistic opportunities for the Anchorage International Airport. He concluded saying that AEDC collaborates regularly with the ARDOR network to support economic opportunities across Alaska because that too helps the Anchorage economy.

SENATOR STEVENS asked about the results of the mayoral election and observed that it is a key relationship for AEDC.

MR. POPP responded that AEDC always seeks to help whomever is mayor be the most successful economic development mayor possible.

[3:07:11 PM](#)

SENATOR GRAY-JACKSON asked if the dollar amount of the ML&A grant included contributions from the utilities, as it has in the past. She recalled the total was larger when AEDC was established.

MR. POPP answered yes it does include utilities contributions and that AEDC looks forward to talking to the new administration about maintaining the \$252,000 funding in FY2022.

SENATOR GRAY-JACKSON said she would be an advocate for maintaining or increasing the current funding.

[3:09:21 PM](#)

JASON HOKE, Executive Director, Copper Valley Development Association, Inc. (CVDA), Glennallen, Alaska, stated that the Copper River region has 2,586 residents and it covers about 24,000 square miles, which is the size of West Virginia. It is an unorganized borough with no municipalities, which means the legislature serves as the borough assembly. He noted that the Trans-Alaska Pipelines passes through the region and brings the state \$34 million to 36 million, half of which goes to state services. He agreed with Tim Dillon that each of the ARDORS is unique.

MR. HOKE read the CVDA mission statement.

Facilitate partnerships to improve the quality of life
in Alaska's Copper Valley through economic development

while being a good steward of our natural and cultural resources.

He advised that CVDA has been the Copper Valley ARDOR for some time and hopes to maintain that status.

MR. HOKE paraphrased from slides 4 and 5 to describe what CVDA does. [Original punctuation provided.]

- Bring Organizations, Businesses, Communities and Folks together for cooperative and collaborative development.
- Find funding for Organizations/Businesses in growth, expansion, development, etc.
- Consultative Support for businesses and orgs.
- Grant Administration for orgs/business
- Infrastructure and Regional Planning
- Project Management and Facilitation.
- Community and Business planning efforts.
- Provide a point of contact/Liaison for State and Federal Agencies in our region.
- Information Hub for projects and initiatives of the Copper Valley Region.
- Advocacy for the region with all Government Agencies and elected officials.
- Contract with agencies for efficiency and to save State \$\$\$.

3:14:20 PM

MR. HOKE reviewed CVDA's history and accomplishments outlined on slide 6. He said CVDA started in 1990 and the ARDOR was established in statute in 1991. He noted that he was a teacher in 1996 when CVDA got I-TV units in classrooms so students in remote villages could take classes offered in urban schools. He described this as avant-garde for the time. Other CVDA accomplishments included the 1st Governor's Rural Picnic for then Governor Sean Parnell, the C-Grow Demonstration Project that turned a 40-foot refrigerator trailer into a hydroponic unit. He noted that vertical hydroponic units now proliferate throughout the state. CVDA has worked on energy and biomass projects and has done energy, economic, and resource planning. A large accomplishment lately was to be designated the Copper River Census Area. CVDA also provided assistance with the CARES Act.

MR. HOKE listed the CVDA initiatives bulleted on slide 7.

- Infrastructure and Resources
- CEDS - Comprehensive Economic Development Strategy
- Energy and Biomass Development
- Agricultural Development
- Regional Energy Planning and Development
- Tourism Development
- Workforce Development

3:17:52 PM

MR. HOKE described the upcoming potentials.

Energy - The largest energy project is the Roadbelt Intertie that will connect Sutton to Glennallen to Tok to Delta Junction, creating a loop around the state and providing 210 kilovolts of electricity. The cost of electricity in some areas in the region is \$0.85 a KW and after Power Cost Equalization (PCE) that will drop to about \$0.16 to \$0.18 per KW and save the state about \$1.8 million in PCE every year.

Biomass - CVDA is working with the BLM and the U.S. Forest Service on fire fuel mitigation, workforce development, and a utilization plan. Instead of leaving trees that are cut to mitigate fire danger, the wood is utilized and young people are trained to use equipment to do that work.

Tourism - CVDA works with the State Chamber of Commerce, the local Chamber, and DCCED to market the area as the hidden gem of Alaska.

Workforce and vocational training - CVDA is working to become an AVTEC hub to keep young people in the area while they receive training instead of having to move to Seward.

Mining Development - Seven mines in the region are ready to go but the cost of energy is an impediment. If some of these were to open, it would bring in money for the state and the region.

New Business Development - CVDA is working with the Alaska Small Business Development Center and is eagerly awaiting the legislature developing guidelines

for the Small Business Initiative Fund from the CARES Act.

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MR. HOKE displayed a map of the Roadbelt Intertie to demonstrate the interconnection between the Copper Valley region, MatSu, the Delta region, and up to Fairbanks.

CHAIR COSTELLO commented that the ARDORs are impressive and each has made the case that their economic development needs are different.

MR. HOKE said he neglected to mention that CVDA is a standalone organization that does not receive any borough or state money.

3:22:32 PM

KRISTINE CARPENTER, Executive Director, Prince William Sound Economic Development District (PWSEDD), Cordova, Alaska began her presentation with a satellite image of Prince William Sound. She said PWSEDD does a lot of work related to partnership facilitation, applying for project grants, organizing regional planning processes and responses to concerns, and coordinating stakeholder input into these public processes. The PWSEDD leadership is comprised of representatives from municipalities, tribal councils, and Native corporations in the region.

MS. CARPENTER provided an overview of the demographics of Prince William Sound. She directed attention to the U.S. Census chart that shows that the per capita income is roughly in line with the state. She said the key factor is that the margin of error can make quite a difference in very small communities. She directed attention to the chart on slide 6 that shows population change from 2000 to 2019 in Cordova and Valdez. She said it reflects the trend statewide that people are aging up into their 60s and beyond. She added that she has been pleased to see a growth of young families in both Valdez and Cordova.

MS. CARPENTER said the chart on slide 7, "Gulf Coast Economic Region Employment, 2016-2020" is in response to the question about how the pandemic has affected communities in the region. The pandemic hit tourism and fishing the hardest and fishing was also affected by low returns. PWSEDD did a lot of outreach to local businesses during the pandemic to help them access relief. They also formed a partnership with chambers of commerce in the other communities to provide similar assistance to over 1,000 businesses. She referenced Senator Micciche's comment about people not returning to work and said part of what may be

holding people back is the lack of access to childcare and early childhood education.

3:27:57 PM

MS. CARPENTER turned to slide 8 that lists PWQSEDD projects. This includes collaboration with the Cordova School District and the Cordova Community Medical Center on ways to give students and recent graduates exposure to work opportunities and assistance with apprenticeships to develop skills and explore careers.

MS. CARPENTE said the support from the EDA is similar to what others have mentioned and they meet the match with membership contributions that range between \$500 and \$3,000. She clarified that PWSEDD does not receive local grants from municipalities. She said the key areas of focus in Prince William Sound are the Alaska Marine Highway System, infrastructure of ports and harbors, housing, catalyzing investments in kelp farming, and support measures for regional tourism and outdoor recreation.

3:30:02 PM

SENATOR GRAY-JACKSON commented that a \$150,000 budget seems low. She asked what the annual revenues are.

MS. CARPENTER replied the \$150,000 is the bare bones operating funds and they have applied for several grants to augment that over time. They receive \$70,000 from the EDA for the partnership planning program and about \$200,000 in pandemic relief funding.

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SHIRLEY MARQUARDT, Executive Director, Southwest Alaska Municipal Conference (SWAMC), Anchorage, Alaska stated that in the interest of time, she shortened her remarks but she would encourage anyone who is interested in what SWAMC has done in the last year to visit the swamc.org website. It has the 2020 state ARDOR report and five-year CEDS plan.

MS. MARQUARDT said ARDORs are an association of Alaska businesses and civic tribal and local governments whose mission is to encourage, support and champion economic stability and growth in the various regions of the state. She related that SWAMC was identified as an ARDOR in 1988 to serve the Aleutians East Borough, the Aleutian Pribilof Islands, the Bristol Bay Borough, the Kodiak Island Borough, Dillingham Census Area, and the Lake and Peninsula Borough. The map on slide 1 illustrates that it is a very large region, she said. It is a unique coastal situation.

MS. MARQUARDT advised that the federal EDA planning grant, annual membership fees, conference registrations and sponsors provide financial support. A condition of funding requires each ARDOR to provide a five-year CEDS that is updated annually. She explained that the CEDS starts with a list of strengths, weaknesses, opportunities, and threats (SWOT) as identified through direct engagement with local governments, tribal governments, organizations, business leaders, the seafood industry, SWAMC's board of directors, and members of the public. She noted that slide 2 represents the most recent SWOT that was used to develop the list of objectives and strategies under the infrastructure development and maintenance advocacy goal listed on slide 3.

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MS. MARQUARDT said the first objective of energy efficiency was met by using ongoing USDA funding for the energy audit program that is free for small businesses and fishing vessels in the region. Strategy 11, "Seek, apply for, and administer grants to support infrastructure and energy projects" was used to accomplish this. SWAMC matched \$21,000 to leverage a \$100,000 federal grant. All but \$5,000 to \$7,000, which is for staff overhead, will pay a subcontractor to administer the individual energy audits and provide a summary of cost-saving options for improvements for the owner to consider. To date they have had 66 audits of small businesses and fishing vessels and many have taken advantage of the 25 percent grant to pay for the improvements that will save money over time.

MS. MARQUARDT said other projects include the Regional Recovery and Resilience Plan, broadband expansion using satellite technology, and Mariculture training.

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MS. MARQUARDT reported that during the pandemic in 2020 and now, SWAMC was instrumental in the direct and indirect technical support and distribution of Alaska Cares grants, NOAA CARES Act Fisheries Assistance funding, and the USDA Seafood Trade Relief Program. SWAMC was DCCED's liaison for individuals and small businesses to access federal state and relief programs. They focused on calls from vessel support services, restaurants, bars and hotels, B&Bs, fishing and hunting lodges, fishing charters, small businesses, seafood processors, and fishermen in the area. They received hundreds of requests for instructions on available COVID-19 relief resources or for help with the application. The small SWAMC team fielded these calls.

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MS. MARQUARDT said not many people remember but in 2001 SWAMC received \$29.5 million in federal Stellar Sea Lion mitigation funds to design and implement a program to compensate individual, businesses, and communities who suffered significant economic impacts due to federal measures intended to protect Stellar Sea Lions in the region. In one year, SWAMC and its board designed a program with three goals: distribute the funds as quickly as possible, hold administrative costs to one percent or less, and develop a process beyond reproach. All three goals were achieved within one year.

MS. MARQUARDT summarized that SWAMC forms regional partnerships to leverage federal funds that benefit greater growth; supports workforce development through CEDS planning, helps fund project feasibility, planning, and conceptual design where needed through connections with EDA; and promotes economic stability in Southwest Alaska. She said they are successful in this role because they know the strengths and weaknesses of the region. She concluded saying SWAMC is a valuable resource to the state and it is needed now more than ever.

SENATOR STEVENS said he hopes to talk later about three issues: 1) the US Navy returning to Adak and icebreakers in Kodiak, 2) the Alaska Marine Highway System and the 18 months of funding to stabilize the system, and 3) workforce development with year round jobs in the fishing industry.

MS. MARQUARDT said she would be happy to have the conversation.

SENATOR MICCICHE said he was not sure that most Alaskans understand how much the ARDORs do for communities and the state. He thanked all the presenters.

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ROBERT VENABLES, Executive Director, Southeast Conference, Juneau, Alaska displayed a map of the state and advised that it demonstrates that the ARDORs are a strategic link in the economic development between the state and the results needed on the ground. The color-coded representations for each of the ARDORs appear to leave gaps in coverage but the ARDORs regularly reach out across the state both individually and collectively and hold meetings with other economic development organizations to address the needs in all areas of the state. He said it was evident last year that the ARDORs were a critical link in the success of the CARES program. He said that program was critical

in keeping many Alaskan businesses afloat, but the funds were depleted before the last batch of applications were processed and 677 businesses did not receive CARES Act funding. He asked the legislature to consider that as it looks at the ARDOR funds.

MR. VENABLES briefly displayed the bulleted points on slide 3 about Southeast Conference and what it does. The slide read as follows:

- Southeast Conference was incorporated in 1958, primarily to advocate for the creation of the Alaska Marine Highway System.
- After that success, stayed together to continue to advocate for issues that are key to the southeast region as a whole.
- Looks for consensus for the betterment of the region.
- Members from nearly every community, chamber of commerce, and economic development organization in the region.
- Support the Southeast Conference of Mayors and the Marine Transportation Advisory Board.
- Southeast Conference is the federally designated Regional Economic Development District and the State-designated Alaska Regional Development Organization.

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MR. VENABLES said the depiction of Southeast Alaska on slide 4 shows the locations of the 34 communities in the region, most of which are members of Southeast Conference. The membership is evenly split between government, business, and the private sector. He described slide 5 as a representation of the primary sectors [seafood, mining, energy, transportation, maritime, visitors, and timber] that Southeast Conference promotes. He read the mission statement:

Promoting strong economies, healthy communities, and a quality environment in Southeast Alaska.

MR. VENABLES displayed slide 6 and explained that the pandemic caused SEC to focus on the immediate and emergent needs of individuals and businesses in Southeast. To that end, SEC held an economic resiliency mapping session during the February conference. A synopsis of the results is represented on slide 7. It depicts the jobs lost in 2020 and the impacts on the

different sectors of the economy. He said he believes that the presentations today have demonstrated how useful the ARDOR information and data is to policy makers who are considering how to meet the needs of Alaskans coming out of the pandemic. He said SEC is proud that Senator Murkowski used the cruise ship slide and data it offers during debate on the Senate floor last week. He turned to slide 8 and noted that Southeast Conference received 440 responses from the business sector in response to the Southeast Alaska Business Climate Survey. It seeks to track the business climate and COVID-19 effects on businesses. The data will be used to focus economic relief efforts going forward. He directed attention to the pie charts on slide 9 that compare the survey responses from June 2020 to April 2021. [The text on the slide notes: "Unsurprisingly, confidence in the Southeast business climate continues to be poor in the wake of COVID-19.] He emphasized the need for certainty for both businesses and the ARDORs. He thanked the committee for its support of the bill it passed on Monday to reauthorize the ARDOR program. He described the longer reauthorization as key to adding the needed certainty.

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MR. VENABLES displayed the chart on slide 10 of the 2021 survey results by industry. He said it points out sector by sector the uneven recovery from the pandemic. Some sectors have not recovered at all and even those that have recovered see uncertainty in the future. Slide 11 shows the results of the survey by community. He noted that the communities that have not recovered much at all rely on tourism. He pointed to slide 12 with three pie charts that offer a comparative look at the economic outlook in 2019, 2020, and 2021. He highlighted that many businesses still feel that the worst is still ahead. Southeast Conference is trying to provide information to policy makers to help target those needs.

MR. VENABLES said slides 13 and 14 show the top 10 priorities in the resiliency plan to get Alaskans back to work. [71 percent of the responses ranked support for an expedited distribution of the vaccine as number one.]

MR. VENABLES explained that slide 15 is a snapshot of Southeast Conference's comprehensive economic development strategy (CEDS) that won the 2018 NADO Innovation Award. He said it is part of a suite of Southeast Conference's publications and data research highlighted on the next slide. He said slide 17 reflects the 2025 economic plan that identifies 59 different priorities that the region sees as opportunities to move forward. This includes

four priority objectives that will be the focus of the Southeast Conference work plan over the next five years. These are listed on slide 18.

1. **Transportation:** Sustain and support the Alaska Marine Highway System
2. **Seafood:** Mariculture development
3. **Visitor's Industry:** Market Southeast Alaska to attract more visitor spending and opportunities
4. **Energy:** Promote Beneficial Electrification

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MR. VENABLES concluded his presentation with a shout out to the CEDS process. He said Southeast Conference is proud of the award they received but he is really proud of the year-long process with all stakeholders working together to develop a CEDS plan that is actionable and ready to be put on the street. He requested that the legislature view the ARDORS as a collective resource to help advance the economic development causes of the state.

CHAIR COSTELLO thanked the presenters for all they do for the state and for their optimism. She referenced the data point on slide 7 that indicated that Southeast job losses amounted to 12 percent in 2020. She asked if that was primarily due to the losses in the tourism industry.

MR. VENABLES replied tourism was the nexus but one calamity followed another. The pandemic caused the shutdown, which directly affected cruise ship tourism, retail, hospitality, and leisure; the fishing season was among the worst; and the natural disaster in December affected many communities and resulted in lives lost in Haines.

CHAIR COSTELLO asked if he had scheduled meetings with the finance co-chairs to talk about the hundreds of businesses that did not receive CARES Act funds and the possibility of prioritizing them for American Recovery Act funds.

MR. VENABLES replied that the discussions have mostly been with the administration about using any residual CARES Act money for those businesses.

CHAIR COSTELLO thanked the presenters for the eye-opening and interesting presentations.

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There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 3:54 p.m.